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UNCLASSIFIED		RESTRICTED		CONFIDENTIAL		SECRET	
(SENDER WILL CIRCLE CLASSIFICATION TOP AND BOTTOM)							
CENTRAL INTELLIGENCE AGENCY OFFICIAL ROUTING SLIP							
TO				INITIALS		DATE	
1	Assistant Director, OSO			KAB		22 Sept	
2	DOPC						
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1	Chief, Inspection and Security			SE		2. Sept	
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REMARKS: IES now working on implementing recommendations, in accordance with my memo accompanying previous reports.							
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FORM NO. 30-4
SEP 1947

Office Memorandum • UNITED STATES GOVERNMENT

TO : The Assistant Director, OSO
THRU : Chief, Inspection and Security
FROM : Chief, Inspection Branch

DATE: 20 September 1949

SUBJECT: Special Security Inspection [REDACTED]

25X1A5a1 [REDACTED]

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25X1A

I. AUTHORITY AND MISSION

25X1A5a1 1. Pursuant to oral instructions from the Chief, Inspection and Security, a special security inspection was made by [REDACTED] on 12 and 13 September 1949 of security conditions connected with the confidential contracts of the [REDACTED] now being performed for CIA (OSO/Commo) under Numbers [REDACTED]

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25X1A5a1 2. This inspection included the checking and observation of the contractor's offices and plant with particular reference to the physical aspects and controls related to security and protection; the checking of the procedures for selection and control of personnel; and the checking of means employed for the safeguarding of classified information, documents and equipment.

II. FINDINGS

25X1A 1. The [REDACTED] is located in a downtown [REDACTED] City business section in two company-owned three story brick-concrete buildings about thirty years old. The total floor area covers 9000 square feet. Wood floors and stairways present a potential fire hazard, but present safety precautions are adequate to insure the necessary minimum protection.

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25X1A5a1 3. At the time of this inspection it was stated that [REDACTED] was also employed in classified work for the Army and Navy as well as CIA. [REDACTED] manufactures standard communications equipment and little or no development work is being performed at the present time.

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25X1A5a1 4. Inspection disclosed the following deficiencies in the contractor's security procedures and program:

a. Failure to safeguard classified material according to CIA regulations.

(1) Storage and maintenance of classified material that an approved and required combination lock

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c. There is apparent misunderstanding and perplexity on the part of the contractor regarding personnel clearances in that the contractor has expected to be informed when security clearances have been completed and assumes that such clearances will be based on complete investigations.

7. Deficiencies which appear to be within CIA pertaining to this contract were disclosed as follows:

a. Absence of proper indoctrination of the contractor regarding security safeguards and failure to issue written instructions on security procedures for the guidance of the contractor.

b. Inadequate, confused or uncoordinated procedures with respect to personnel security clearances, in that employees are put to work before or as soon as their names are submitted by the contractor for clearance; the clearance is based solely on name checks regardless of the sensitivity of the classified information to which the individual will have access; the employee works for long periods before the clearance check is completed; and the contractor is not advised of the security clearance unless it is not granted.

III.

CONCLUSION

1. Indoctrination of the contractor regarding security safeguards and procedures has been inadequate.

2. There appears to be a definite lack of coordination on the part of interested CIA offices and branches in connection with personnel security clearance procedures, instructing the contractor in the proper use of CIA addresses, and instructing the contractor on security and safeguards generally.

IV.

RECOMMENDATIONS:

1. Interested CIA offices or branches should coordinate their activities to insure that the contractor is intelligently informed and guided in his efforts to select, clear and control personnel and to safeguard adequately classified information, documents, correspondence, related material and property. To this end it is recommended that:

a. Adequate procedures be established with respect to personnel security clearances in order to delineate clearly responsibilities of the contractor and CIA, to speed up the process of clearances, and to provide for positive and prompt advices to the contractor.

c. There is apparent misunderstanding and perplexity on the part of the contractor regarding personnel clearances in that the contractor has expected to be informed when security clearances have been completed and assumes that such clearances will be based on complete investigations.

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- b. [REDACTED] and all other contractors on classified contracts be supplied with general written instructions regarding security safeguards and procedures and be indoctrinated therein.
- c. The contractor be advised as to proper procedures with respect to divulging or safeguarding the identity of CIA in connection with royalty agreements, performance bonds and any other legal transactions.
- d. Action be taken to clear personnel listed in Tab A who have not already been cleared.

[REDACTED]

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